



## Great Neighborhoods Committee Housing Overview & Accomplishments

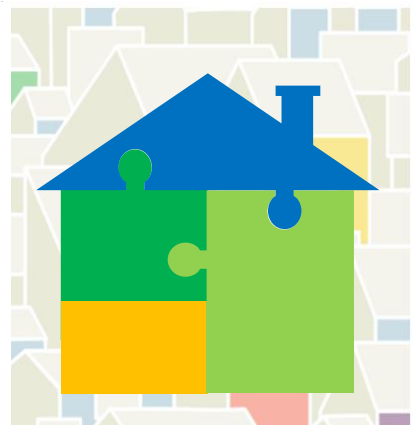
January 22, 2020

City of Charlotte



### OBJECTIVES

- Committee purpose statement
- Review common Affordable Housing terms
- Review the city's recent Affordable Housing efforts in the following areas:
  - POLICY ENHANCEMENTS
  - FUNDING SOURCES
  - HOUSING PROGRAMS



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## COMMITTEE PURPOSE STATEMENT

The Great Neighborhoods Committee reviews and recommends policy related to comprehensive initiatives designed to create affordable housing and providing opportunities that align with creating great neighborhoods.



GREAT NEIGHBORHOODS

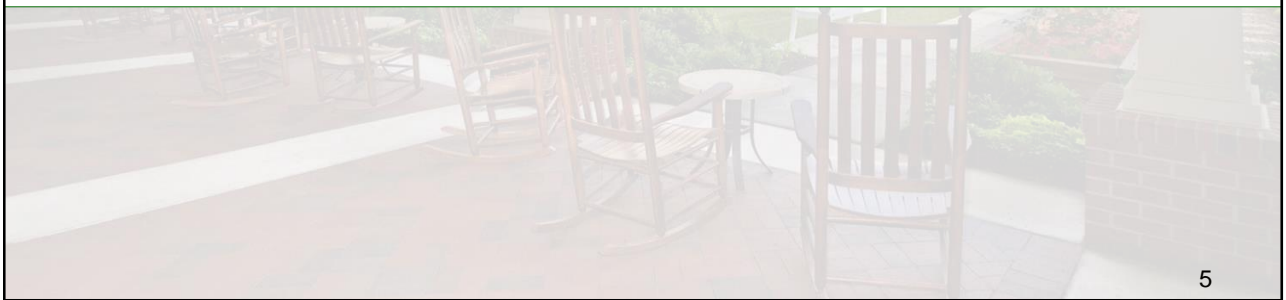


## COMMON AFFORDABLE HOUSING TERMS

- **Affordable Housing** - When an individual or family pays no more than 30% of income on housing costs (including utilities).
- **Local, federal and state affordable housing investments serve households earning 30%-80% of AMI and are partially funded with local, state or federal dollars, as well as deed restrictions.**
- **Workforce Housing** - Workforce housing or moderate income housing typically refers to housing serving households earning 80%-120% of AMI.
- **Cost Burdened** - Households paying more than 30% on housing costs.
- **Housing Insecure** - Low income households spending more than 50% on housing, or experiencing homelessness.
- **Naturally Occurring Affordable Housing (NOAH)** - Existing multifamily rental properties that provide housing at rates affordable to low and moderate income households without a subsidy. Developments are typically Class B and Class C rental properties, and generally built between 1940 and 1990.



## POLICY



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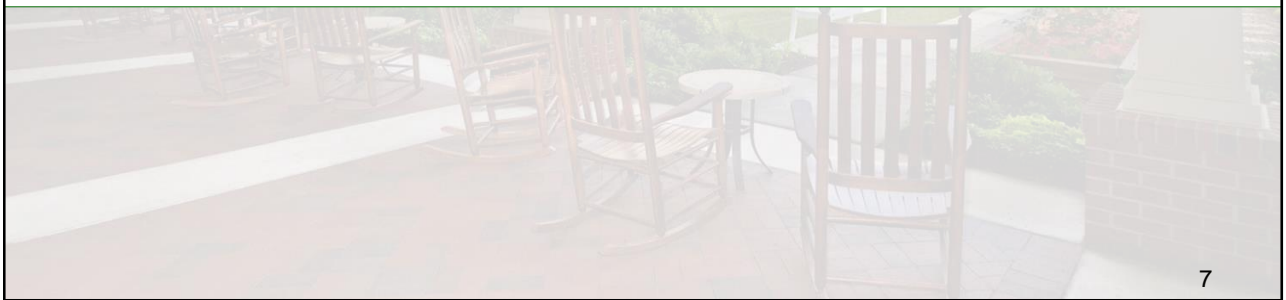
### HOUSING POLICIES APPROVED

#### HOUSING CHARLOTTE FRAMEWORK (August, 2018)

- Affordable Housing Location Guidelines (January, 2019)
  - Guidelines for Evaluation and Disposition of City Owned Land for Affordable Housing (February, 2019)
  - Naturally Occurring Affordable Housing Guidelines (March, 2019)
- 
- Minimum Housing Code Update (October, 2019)



## FUNDING



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### FUNDING THE SOLUTION - FEDERAL

The city receives various federal funds to support affordable housing initiatives

Federal Program	FY 2020
Community Development Block Grant (CDBG)	\$5,827,128
Lead Hazard Control Grant	\$3,635,222
Housing Opportunities for People With Aids (HOPWA)	\$2,725,653
HOME Investment Partnerships Program (HOME)	\$2,972,112
Emergency Solutions Grant (ESG)	\$507,237
Federal Home Loan Bank – Community Heroes	\$500,000
<b>Total FY 2020 Federal Funds</b>	<b>\$16,167,352</b>



## FUNDING THE SOLUTION – STATE

### NORTH CAROLINA HOUSING FINANCE AGENCY (NCHFA)

- The State of North Carolina provides **bonds and low income housing tax credit (LIHTC)** funding support to affordable housing developments.
- **582 new affordable housing units were funded in FY 2017-2019** (pending construction) through NCHFA Bond and/or LIHTC support. These **did not** include any city or LISC financial support.

NORTH CAROLINA  
HOUSING  
FINANCE  
AGENCY



## LOW INCOME HOUSING TAX CREDITS

### Low Income Housing Tax Credits (LIHTC)

- Authorized by Congress in 1987 by the Tax Reform Act
- Administered by the North Carolina Housing Finance Agency (NCHFA)
- Seeks to provide incentives to create and preserve affordable housing

Nine Percent Tax Credits	Four Percent Tax Credits
<ul style="list-style-type: none"><li>• Distributed via a <b>highly competitive</b> allocation process to a few successful bidders</li><li>• <b>Cover a larger portion of total project costs</b>, resulting in a smaller funding gap</li><li>• Historically, Charlotte has received three to four nine percent awards annually</li></ul>	<ul style="list-style-type: none"><li>• Accessible through <b>non-competitive</b> applications</li><li>• <b>Cover a smaller portion of total project costs</b>, resulting in a larger funding gap</li><li>• Developer financing for four percent projects involve tax-exempt bonds as a component of the project financing; per IRS guidelines, City Council must approve bond issuances</li></ul>



## FUNDING THE SOLUTION - LOCAL

### PUBLIC – PRIVATE PARTNERSHIPS HIGHLIGHTS:

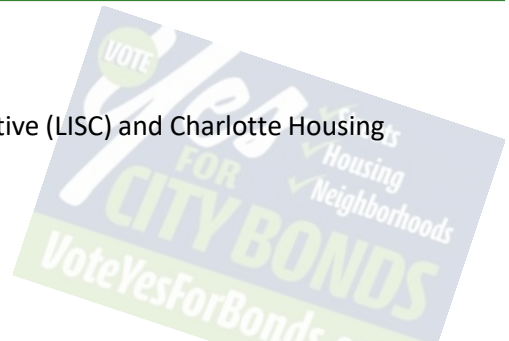
- Foundation for the Carolinas raised \$53,000,000
- Charlotte Housing Opportunity Investment Fund created (CHOIF), managed by Local Initiatives Support Corporation (LISC)
- Banks committed to providing reduced interest-rate loans
- Private entities donated land for affordable housing



## FUNDING THE SOLUTION - LOCAL

### HOUSING TRUST FUND HIGHLIGHTS:

- \$50 million Bond Referendum
- Partnership with Local Initiative Support Collaborative (LISC) and Charlotte Housing Authority (CHA)
- Leverage of city-owned land
- Preservation of NOAH developments



FY 2017 – FY 2020

Program	Amount	Number
Housing Trust Fund ( <i>new &amp; NOAH preservation</i> )	\$36,124,000	2,719
City-Owned Land	\$4,870,000	3 sites
CHOIF	\$10,642,000	531 units*

\* CHOIF units also received HTF support



## HOUSING TRUST FUND

- Provides gap financing to both non-profit and for profit developers for affordable housing throughout the City
- Often includes developer application for North Carolina Low Income Housing Tax Credits (LIHTC)
- Flexible structuring
- At least 20% of the units must be targeted to 30% AMI Households
- Always includes a long-term deed restriction to preserve affordability



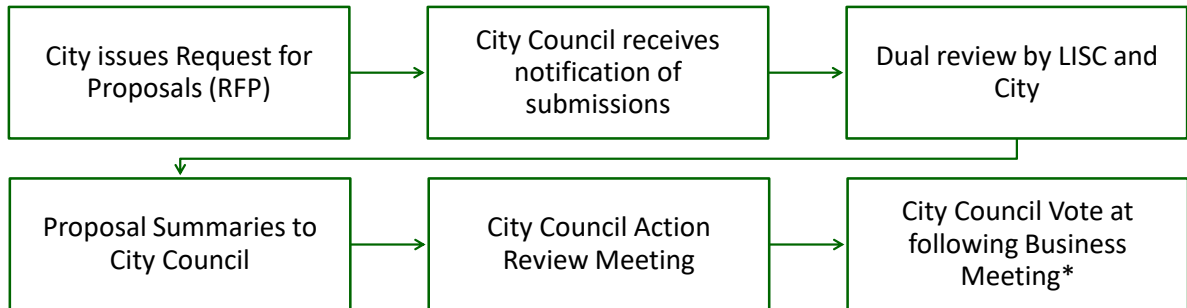
## FUNDING THE SOLUTION - LOCAL

Local Housing Support	
Housing Trust Fund (HTF) Beginning Balance	\$50,000,000
New construction	(\$23,869,000)
Preservation	(\$4,400,000)
<b>Housing Trust Fund Remaining Balance</b>	<b>\$21,731,000</b>
FY 2020 NOAH Allocation	\$4,200,000
Single-Family Acquisition/Rehab/Resale Program	\$2,100,000
<b>Total Remaining Housing Balance - HTF and Local</b>	<b>\$28,031,000</b>



## HOUSING TRUST FUND PROCESS

### Phase I



\*Projects involving state housing bonds require subsequent Council action

**Phase II**  
Investment Review  
(10 – 15 days)

**Phase III**  
Investment Funding  
(Contingent on LIHTC award)

**Phase IV**  
Construction and  
Monitoring



## HOUSING TRUST FUND EVALUATION CRITERIA

### I. City Policies

- Number of years affordable
- Neighborhood displacement and revitalization

### II. Development Strength

- Number of affordable units
- Income: 60% or less Area Median Income (\$47,400)
- Use of Project Based Vouchers

### III. Developer Experience

- Developer track record
- Property Management

### IV. Financial Strength

- Leverage of city funds
- City investment per unit

### V. Market Study Review

- Proposed site
- Impact in the community
- Demand and capture rate

### V. Community Engagement

- Convene at least two neighborhood meetings to address proposed development

### VI. Site Score

- Proximity
- Access
- Change
- Diversity





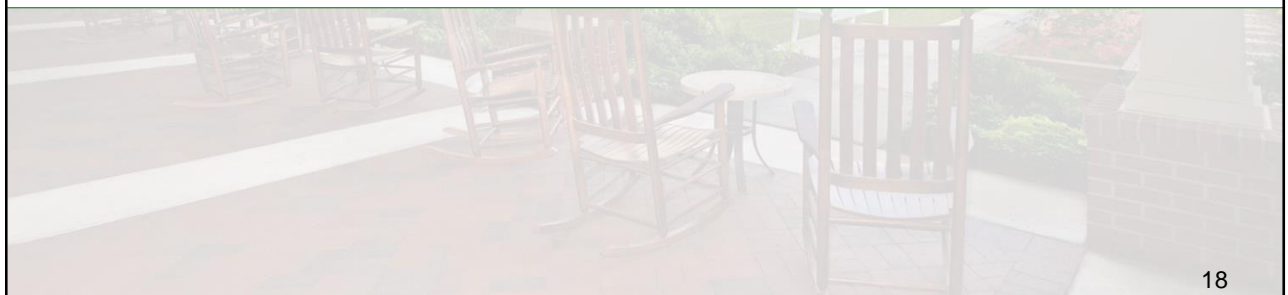
## PROPOSED HOUSING TRUST FUND RFP SCHEDULE

Joint HTF / CHOIF Request for Proposal (RFP) schedule:

Milestone	Dates
Post RFP	January 17, 2020
Sketch Plan Application Mgt.	By February 24 , 2020
Proposal Submission Deadline	February 10, 2020
Market Study Due Date	March 16, 2020
Final Planning Support Letter	March 30, 2020
City Council Approval	April 27, 2020



## PROGRAMS





## HOUSING PROGRAMS OVERVIEW

The city's Housing Programs provide a continuum of assistance

Programs	Funding Source	FY 2017 - FY 2019 Impact
<b>Homeless Support</b>	Federal	• 23,204 Individuals served
<b>Rent &amp; Relocation Assistance</b>	Federal / Local	• 8,266 Individuals served
<b>Housing Rehabilitation</b>	Federal / Local	• 570 Households served
<b>Preservation &amp; New Construction</b>	Local (HTF) Federal (CHDO)	• 1,769 units preserved and created • 3 city parcels leveraged
<b>Homeownership: Down Payment Assistance</b>	Federal / Local	• 833 Households served
<b>Homeownership: Housing Counseling</b>		• 2,590 Individuals completed housing counseling



## HOUSE CHARLOTTE

### • HOUSE CHARLOTTE PROGRAM

- Down payment assistance to low-to-moderate income households, including public sector employees
- Includes housing counseling to ensure families are positioned for success as homeowners
- **FY 2020 Allocation: \$2.394,628 million**
- **Funding Source: 14% PAYGO / 86% HOME**

Households Served:

FY 2017	FY 2018	FY 2019	FY 2020 (6 months)
212	307	314	141*

\* Includes 1 Community Heroes loan





## HOUSE CHARLOTTE COMMUNITY HEROES

### • COMMUNITY HEROES PROGRAM

- New Partnership with Federal Home Loan Bank of Atlanta (FHLB)
- **FHLB is contributing \$500,000 to augment House Charlotte program**
- Up to \$30,000 down payment assistance for firefighters, law enforcement, other first responders, and public school teachers, earning 80.01% to 120% AMI



## SINGLE FAMILY REHABILITATION: TLC BY CLT TARGETED PROGRAM

- Allows residents to remain in their homes / age in place
- Deferred zero interest forgivable loans based on income and type of ownership
- Deed restrictions apply to maintain affordability
- Currently completing projects in Camp Green and Lincoln Heights, with program expanded to Revolution Park and Washington Heights
- **FY 2020 Allocation: \$1.0 million**
- **Funding Source: CDBG / HOME**

Households Served (completed construction)\*:

FY 2018	FY 2019	FY 2020 (6 months)
49	11	2

\*An additional 30 TLC by CLT projects are in progress





## SINGLE FAMILY REHABILITATION - SAFE HOME PROGRAM

- Grants to low-income homeowners to address needed home repairs
- Typical activities include HVAC upgrades, roofing/windows, water systems, and bath/kitchen renovations
- **FY 2020 Allocation: \$3.0 million**
- **Funding Source: 15% PAYGO / 46% HOME / 39% CDBG**

Households Served (completed construction)\*:

FY 2017	FY 2018	FY 2019	FY 2020 (6 months)
34	34	29	22

\*An additional 52 Safe Home projects are in progress



## QUESTIONS